

## FISCAL AUDIT GUIDELINES FOR COUNTY CHILDREN AND FAMILIES COMMISSIONS

FISCAL YEAR 2004/05: JULY 1, 2004 THROUGH JUNE 30, 2005

### (A) AUDIT REQUIREMENTS

Each Children and Families County Commission shall conduct and submit to First 5 California by October 15<sup>th</sup> of each year, an audit of the required financial statements, and a review of County Commission's management of its funds and fiscal compliance with applicable policies, laws, regulations, and program requirements.

The audit shall be performed in accordance with Generally Accepted Auditing Standards, as promulgated by the American Institute of Certified Public Accountants, and Generally Accepted Governmental Auditing Standards issued by the General Accounting Office and Comptroller General of the United States of America.

An independent separate third party including either a private professional concern or a separate governmental agency or office shall perform the audit. The auditor selected shall be someone who is qualified and fully cognizant of the policies, laws and regulations of the County Commission. (Note: the county office of the auditor-controller who meets the qualifications as noted above and who is independent from the County Commission may perform the audit).

1. The auditor shall audit the financial statements and render an opinion as to the fairness of the presentation of the financial statements in conformity with accounting principals generally accepted in the United States of America.
2. The auditor shall review and provide a written report on internal controls and fiscal compliance of the County Commission as follows:
  - (a) The auditor shall evaluate internal controls to ascertain whether the administrative and accounting system established ensures reasonable assurance to provide reliable and accurate information and maintain compliance with policies, laws, and regulations.
  - (b) The auditor shall evaluate, as part of obtaining reasonable assurance about whether the Financial Statements are free of material misstatements, the County's Commission management of its funds and fiscal compliance with applicable policies, laws, and regulations.

(B) FINANCIAL STATEMENTS REQUIREMENTS

By October 15<sup>th</sup> of each year, each County Commission that receives funds from First 5 California shall prepare and submit audited financial statements in conformity with accounting principals generally accepted in the United States of America.

Deleted:

(C) SUPPLEMENTARY REQUIRED INFORMATION

1. County Commissions that receive matching funds from First 5 California shall submit a summary of Expenditures by Fund Source and Net Assets of First 5 California Funds for each program. This summary shall include:
  - Revenue of First 5 California funds per program,
  - Expenditures of First 5 California and other local cash matching funds (County Commission and local funds) per program, and
  - Net assets of First 5 California funds per program at the end of the fiscal year.

An example of this summary is shown in ATTACHMENT 1.

2. Each County Commission shall submit a report that specifies their committed and uncommitted funds as defined in Government Finance Officers Association's First 5 Policies and Procedures Manual.
3. Each County Commission or their auditor shall issue a statement certifying that First 5 California funds have been used only to supplement existing levels of service and not to supplant state or local General Fund money for any purpose.

(D) RECORDS RETENTION

Each County Commission shall retain and safeguard all records regarding the County Commission funds for a minimum of three years after the annual audit and shall be made available and subject to inspection by the State of California Bureau of State Audits as specified in Government Code section 10528.

ATTACHMENT 1

EXAMPLE

First 5 Commission  
Expenditures by Fund Source and Net Assets of CCFC Funds for First 5 Programs  
Fiscal Year 2004/05

	School Readiness Program		CARES (1)			Health Access For All (1)		Preschool for All		Special Needs	
	CCFC Program Funds	County and Other Local Funds	CCFC Program Funds	County Commission Funds	Other Local Match Funds	CCFC Program Funds	County and Other Local Funds	CCFC Program Funds	County and Other Local Funds	CCFC Program Funds	County and Other Local Funds
REVENUE											
CCFC funds	\$300,000		\$25,000			\$25,000		\$100,000		\$250,000	
EXPENDITURES											
Total expenditures	\$250,000	\$250,000	\$25,000	\$90,000	\$10,000	\$25,000	\$100,000	\$85,000	\$400,000	\$200,000	\$200,000
CHANGE IN NET ASSETS	\$50,000		\$0			\$0		\$15,000		\$50,000	
NET ASSETS, beginning of year	\$20,000		\$10,000			\$0		\$0		\$0	
NET ASSETS, end of year	\$70,000		\$10,000			\$0		\$15,000		\$50,000	

(1) CCFC reimburses a specified portion of program expenditures.